GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:909
ANSWERED ON:17.08.2007
MEDICLAIM POLICY
Bishnoi Shri Kuldeep;Murmu Shri Hemlal

Will the Minister of FINANCE be pleased to state:

(a) whether the attention of the Government has been drawn towards the news item captioned `Mediclaim Karaiye, Policy ka bojh bhee uthaiye` as reported in `Dainik Jagaran` dated July 11, 2007;

(b) if so, the details thereof and the reaction of the Government thereon;

(c) the details and the number of Mediclaim Policy holders residing in rural and urban areas of the country as on date, State-wise;

(d) whether Mediclaim policy holders have to pay a portion of the cost of their treatment; and

(e) if so, the details thereof and the safeguards introduced / being introduced against exploitation of policy holders?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL)

(a) & (b): Yes, Sir. The thrust of the news item is on the prevalence of high claim ratio in the Mediclaim portfolio, removal of Government`s control on the premium rates and the efforts of public sector insurance companies to introduce various changes in their Mediclaim Policy.

All the public sector general insurance companies have been incurring losses in the health insurance schemes. The incurred claim ratio of the public sector genera] insurance companies under Mediclaim portfolio, which is a standard health insurance product, has increased from 95% in 2003-04 to 121% in 2005-06 (excluding management expenses). While the claim ratio has been showing a worsening trend, the Mediclaira portfolio has grown at an annual growth rate of 25% resulting in increase of losses. In the past, the companies were able to bear with these losses to some extent by cross-subsidisation from other profit making portfolios like fire and engineering etc. which were under tariff. However, with the introduction of de- tarifing w.e.f. 1.1.2007, there was reduction in the premium rates for fire and engineering leading to lower headroom for cross subsidy from these sectors. This has forced the companies to revise the premium rates under Mediclaim insurance upward to reduce their losses from this sector.

(c): State-wise details of the total number of Mediclaim policy holder residing in Rural and Urban areas are not maintained by the Companies. However, General Insurers` (Public Sector) Association of India has reported that the total number of Mediclaim Policies aind persons covered during 2006-07 company-wise are as follows:

Company	Number of Policies	Number of Persons
National Ins. Co.	769043	5475273
New India Assu.	1130913	6232431
Oriental Ins. Co.	580934	3098121
United India Ins. Co.	787230	3148923
Total	3268120	17954748

(d) & (e): In their revised Mediclaim policies, the companies are introducing the concept of co-payment which is linked to claims experience at the time of renewal and for specific diseases. Insurance Regulatory and Development Authority (IRDA) scrutinizes the policy terms and conditions for safeguarding the interest of the policyholders before their approval.